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STATE FOR INL/LP KBROWN AND PWELZANT, WHA/CAR JROSHOLT, S/CT, EEB
JUSTICE FOR AFMLS, OIA, AND OPDAT
TREASURY FOR FINCEN

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SUBJECT: INTERNATIONAL NARCOTICS CONTROL STRATEGY REPORT, PART II

REF: STATE 137250

¶1. (U) Post presents its 2008 International Narcotics Control Strategy Report, Part II, Money Laundering and Financial Crimes.

Begin text:

Guyana is neither an important regional nor an offshore financial center, nor does it have any free trade zones. Money laundering is perceived as a serious problem, and has been linked to trafficking in drugs, firearms and persons, as well as to corruption and fraud. The Government of Guyana (GOG) made no arrests or prosecutions for money laundering in 2007. Guyana currently has inadequate legal and enforcement mechanisms to combat money laundering, although legislation tabled in Parliament would significantly enhance these mechanisms.

The Money Laundering Prevention Act of 2000 (The Act) criminalizes money laundering related to narcotics trafficking, illicit trafficking of firearms, extortion, corruption, bribery, fraud, counterfeiting and forgery. The Act does not specifically cover the financing of terrorism or all serious crimes in its list of offenses. Banks are required to report suspicious transactions to the GOG's Financial Intelligence Unit (FIU), and records of suspicious transaction reports (STRs) must be kept for six years, but the GOG does not release statistics on the number of STRs received by the FIU, despite the requirement to make these statistics available to relevant authorities as mandated by the Caribbean Financial Action Task Force (CFATF). The Act also requires that the cross-border transportation of currency exceeding \$10,000 be reported to the Customs Administration, but does not allow for the provision of this information to the FIU or other law enforcement bodies. The Act establishes the Guyana Revenue Authority, the Customs Anti-Narcotics Unit, the Attorney General, the Director for Public Prosecutions and the FIU as the authorities responsible for investigating financial crimes.

The GOG's anti-money laundering regime is rendered ineffective by other major structural weaknesses of the Money Laundering Prevention Act of 2000. While the Act provides for the seizure of assets derived as proceeds of crime, guidelines for implementing seizures and forfeitures have never been established. Conviction for a predicate offense is considered necessary before a money laundering conviction can be obtained, and the list of such predicate offenses is cursory. The sharing of essential law enforcement data is not mandated by the 2000 Act; neither does the FIU have the authority to exchange information with its foreign counterparts. These limitations collectively stifle the FIU's analytical and investigative capabilities, and as a result there have been no money laundering prosecutions since the FIU was established in 2003.

In order to augment the tools available to the GOG's anti-money laundering authorities, the FIU drafted legislation entitled the

Anti-Money Laundering and Countering the Financing of Terrorism Bill 2007. The bill provides for the identification, freezing, and seizure of proceeds of crime and terrorism; establishes comprehensive powers for the prosecution of money laundering, terrorist financing, and other financial crimes; requires reporting entities to take preventive measures to help combat money laundering and terrorist financing; provides for the civil forfeiture of assets and expands the scope of the money laundering offense; and mandates the accessibility of all relevant data among law enforcement agencies. The legislation provides for oversight of export industries, the insurance industry, real estate, and alternative remittance systems, and spells out the penalties for non-compliance.

The bill also establishes the FIU as an independent body that answers only to the President, and defines in exhaustive detail its role and powers. The draft legislation was tabled in Parliament in late 2007, but its chances of passage in the near term are unclear.

In January 2007, the National Assembly passed the Gambling Prevention (Amendment) Bill, which legalizes casino gambling. The bill establishes a Gaming Authority authorized to issue casino licenses to new luxury hotel or resort complexes with a minimum of 150 rooms. Vocal opposition to the bill from religious groups, opposition parties, and the public included concerns that casino gambling would provide a front for money launderers. No casinos have yet opened in Guyana.

The Ministry of Foreign Affairs and the Bank of Guyana continue to assist U.S. efforts to combat terrorist financing by working towards compliance with relevant United Nations Security Council Resolutions (UNSCRs). In 2001 the Bank of Guyana, the sole financial regulator as designated by the Financial Institutions Act of March 1995, issued orders to all licensed financial institutions expressly instructing the freezing of all financial assets of terrorists,

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terrorist organizations, and individuals and entities associated with terrorists and their organizations. Guyana has no domestic laws authorizing the freezing of terrorist assets, but the government created a special committee on the implementation of UNSCRs, co-chaired by the Head of the Presidential Secretariat and the Director General of the Ministry of Foreign Affairs. To date the procedures have not been tested, as no terrorist assets have been identified in Guyana. The FIU director also disseminates the names of suspected terrorists and terrorist organizations listed on the UN 1267 Sanctions Committee's consolidated list to relevant financial institutions.

Guyana is a member of the OAS Inter-American Drug Abuse Control Commission (OAS/CICAD) Experts Group to Control Money Laundering and the Caribbean Financial Action Task Force (CFATF). Guyana underwent its second CFATF mutual evaluation in 2004, and the results of the evaluation were presented at the CFATF plenary in October 2006. The mutual evaluation team found the GOG to be noncompliant or materially noncompliant with approximately half of the CFATF Recommendations.

Guyana is a party to the 1988 UN Drug Convention and the UN Convention against Transnational Organized Crime. Guyana has not signed the UN International Convention for the Suppression of the Financing of Terrorism or the UN Convention against Corruption. The GOG has signed, but not yet ratified, the Inter-American Convention against Terrorism. Guyana's FIU is one of the few in the region that is not a member of the Egmont Group, and no change in that status is anticipated until Guyana's anti-money laundering laws have been modernized.

End text.

12. (U) Post POC is Pol/Econ Officer Rolf Olson.

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